

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



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TO: David Ewer, Director
Office of Budget and Program Planning

FROM: Joan Miles, Director *Joan Miles*
Department of Public Health and Human Services

SUBJECT: Executive Planning Process Request

June 7, 2006

The Executive Planning Process (EPP) represents the beginning of the department's budget development for the 2009 biennium. This is by no means the official or final executive budget request from DPHHS. It is a listing of items that we feel would benefit the citizens of Montana and the merits of these proposals will be discussed during the upcoming months. We recognize that many of the items on the list will not make it through the budget request process. The state simply cannot afford to fund all requests. In particular, due to federal budget cuts affecting a number of health and human service programs, our first priority is to request funding to continue critical programs and services before implementing new programs.

The process thus far has been the following: Each division identified programs and budget items that would benefit Montanans. After the divisions scaled back their preliminary requests, we reviewed each budget request and had to eliminate approximately 100 items from the initial proposals. While we consider all of the requests worthwhile and worthy of funding, we could not include all suggested items given the revenues currently available to state government. Although many important items were eliminated, if more revenue becomes available, the Department will request to reinstate them.

The EPP request that we are submitting to the Governor's office has been grouped into two main categories: department requests to maintain current services and provide for essential new proposals, and one-time-only items that would require funding for the 2009 biennium only.

Please note that we had to provide a unique prioritization for each item on the list because of budget and accounting system requirements. All present law adjustments were ranked above new proposals. Present law adjustments are

defined as those items necessary to continue services at the level currently budgeted. These were placed above new proposals since we felt it was more prudent to continue existing activities rather than expand or add other activities. New proposals identified as "extreme priorities" for the Department were then assigned a numerical ranking. These proposals were sorted by division and do not necessarily reflect relative priorities nor the priorities of many of the managers of these programs. The rankings were included to complete the entry of the data within the statewide budgeting system. We would emphasize that all of the proposals in this request are considered highly important to the Department. Also, federally funded and non-state general funded items were generally ranked above items that require general fund. This is not intended to suggest that these are more important than other activities. Rather, since the funding is more secure and likely to be approved, we placed these items up front to assure they find their way into the budget process.

Several unavoidable items account for a large share of the requested increase. As Montana's economy continues to perform better than the rest of the nation, the Federal Medical Assistance Participation (FMAP) rate declines. The FMAP change is nearly \$33 million, and this is necessary to continue FMAP funded services at the FY06 level. The Medicaid and children's services caseload increases total nearly \$52 million. Caseload adjustments continue to be scrutinized. It is the department's expectation that the rate of increase that is currently showing up in the projection models will decline. The department is currently working with both the OBPP and LFD to bring the increases down to a reasoned and manageable level. In the event we are successful in these efforts, additional EPP items will be added to the department's request.

We appreciate your questions and comments as we continue the process of developing the department's budget request for the 2009 biennium.

Thank you.